STANDING COMMITTEE ON PETROLEUM

STANDING COMMITTEE ONPETROLEUM & CHEMICALS
(2001)
TWENTY-SECONDREPORT
(THIRTEENTH LOK SABHA)

EVALUATION OF GUIDELINES OF DEALER SELECTION BOARDS (DSBs)

MINISTRY OF PETROLEUM AND NATURAL GAS

Presentedto Speaker on **28.12.2001**
Presented to Lok Sabha on **26.02.2002**
Laid in Rajya Sabha on **08.03.2002**
LOK SABHA SECRETARIAT
NEWDELHI
December, 2001/Agrahayana, 1923 (Saka)

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COMPOSITION OFTHE STANDING COMMITTEE ONPETROLEUM & CHEMICALS (2001)

ShriMulayam Singh Yadav-Chairman

M*embers*

Lok Sabha

2.ShriAshok Argal
3.ShriRamchander Bainda
4.Shri AnandaMohan Biswas
5.Shri AjaySingh Chautala
6.Dr. (Smt.)C. Suguna Kumari
7.Shri PadamSen Choudhary
8.Shri T.T.V.Dhinakaran
9.ShriDilipkumar Mansukhlal Gandhi
10.ShrimatiSheela Gautam
11.Shri PawanSingh Ghatowar
12.Shri BijoyKrishna Handique
13.ShriShriprakash Jaiswal
14.ShrimatiNivedita Mane
15.ShriPunnulal Mohale
16.Shri P.Mohan
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18.Shri MohanRawale
19.Dr. BikramSarkar
20.Shri ShyamaCharan Shukla
21.ShrimatiKanti Singh
22.ShriPrabhunath Singh
23.Shri D.C.Srikantappa
24.Dr. RameshChandra Tomar
25.ShriTarlochan Singh Tur
26.ShriShankersinh Vaghela
27.Shri RatilalKalidas Varma
28.ShriB. Venkateshwarlu

29.Shri RajeshVerma
30.Dr. GirijaVyas
Rajya Sabha
31.Shri AnilKumar
32.Shri GayaSingh
33.Shri RamNath Kovind
**34.Shri Daya Nand Sahay
35.Shri Moolchand Meena
36.Shri Dipankar Mukherjee
37.Shri Suresh Pachouri
38.Shri Ahmed Patel
39.Shri Mukesh R. Patel
*** 40.Vacant
41.Shri K.Kalavenkata Rao
42.ShrimatiBasanti Sarma
43.Shri RajivRanjan Singh Lalan
44.Shri P.Soundararajan
45.Prof. RamGopal Yadav
Secretariat
1.Shri P.D.T. Achary-*Additional Secretary*
2.Shri K.V. Rao -*Joint Secretary*
3.Shri Brahm Dutt -*Deputy Secretary*
4.Shri J.N. Oberoi -*Under Secretary*
5.Shri Madhu Bhutani -Sr. Executive Assistant

Nominatedon 13.11.2001 on casual vacancy caused consequent upon appointment of Sh. AshokPradhan, M.P.(LS) as Minister w.e.f. 02.09.2001
****Nominated on 28.9.2001 as casual vacancy caused consequent upon theretirement of Dr. (Smt.) Joyashree Goswami Mahanta, MP (RS) from the membershipof Rajya Sabha w.e.f. 14.06.2001.***
*****vacancy caused consequent upon appointment of Sh. Ravi Shankar Prasad,M.P.(RS) as Minister w.e.f. 01.09.2001.***

COMPOSITIONOF STUDY GROUP OFTHE STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(2001)

Shri Mulayam Singh Yadav-Chairman
2.Shri Dipankar Mukherjee-Convenor
3.Dr. (Smt.) C. Suguna Kumari
4.Smt. Sheela Gautam
5.Shri Prabhunath Singh
6.Shri Shankersinh Vaghela
7.Shri Rajiv Ranjan Singh Lalan
8.Prof. Ram Gopal Yadav

INTRODUCTION

I, theChairman, Standing Committee on Petroleum and Chemicals (2001) having beenauthorised by the Committee to submit the Report on their behalf present thisTwenty Second Report on `Evaluationof Guidelines of Dealer Selection Boards (DSBs).

2.The Standing Committee on Petroleum &Chemicals (2001) constituted a Study Group to look into complaints onnon-observance of Guidelines laiddown by the Government in allotting Retail Outlets and LPG Distributorships byDealer Selection Boards. The StudyGroup collected some material related to the subject but on its suggestion, theCommittee decided to first evaluate the Guidelines framed for Dealer SelectionBoards before proceeding further. TheCommittee, thereafter took the evidence of the representatives of the Ministryof Petroleum and Natural Gas on 28th November, 2001.

3.The Committee wish to express their thanks to officers of the Ministry ofPetroleum and Natural Gas forplacing their views before them and for furnishing the informationdesired in connection with examination of the subject.

4. The StandingCommittee on Petroleum and Chemicals (2001) considered and adopted this Reportat their sitting held on 20th December, 2001.The Committee place on record their appreciation of the work done by theStudy Group.

5. TheCommittee also place on recordtheir sense of deep appreciation for the invaluable assistance rendered to themby the officials of the Lok Sabha Secretariat attached to the Committee.

NEW DELHIMULAYAM SINGH YADAV
December 20, 2001 *Chairman*
Agrahayana 29, 1923 (Saka) ***StandingCommittee on Petroleum & Chemicals.***

REPORT
PART I
BACKGROUNDANALYSIS

A.INTRODUCTORY

Allpetroleum products except MS, HSD and LPG (controlled products) are marketed byOil Companies on demand basis. Supplyand marketing of SKO is regulated by different set of procedure implemented byboth the Central and State Governments. Controlled products are priced underAdministered Price Mechanism regulated by the Government which is beingdismantled effective from 1st April, 2002. Marketing and distribution of controlled products isregulated by the Government and the procedure in this regard is set in motion asper the marketing plan.

2. After nationalisationof the oil companies, in 1977 Government of India framed a policy for reserving25% of dealerships/distributorships for SC/ST and remaining 75% on commercialconsideration. It also advised togive preference to consumer cooperatives and agro-industry corporations.

3. 2% reservation forhandicapped persons was advised by Ministry in 1978 for all types ofdealerships/distributorships.

4. Reservationpolicy was again modified during 1980 on the basis of advice from the Ministryof Petroleum & Natural Gas and break up for different categories were madeas under:-

v25%for SC/ST but inter-se distribution to vary amongst States.
v25%for unemployed graduates, preferably with technical qualification.Joint income of parents must be below Rs. 15,000 per annum.
v10%for Defence personnel disabled in war.
v10%for physically handicapped persons.
vRemaining30% to be awarded on commercial consideration.
vPursuantto this policy, the concept of industry roster was introduced in 1980 tomaintain category-wise control as per 100 point roster.

5. The concept ofMarketing Plan was introduced by Ministry on 5.6.1980, which gave the guidelineson reservation, predetermination of location, press advertisement and selection.The guidelines were subsequently revised from time to time with slightamendment in January, 2001. Presently,Marketing Plan is prepared in line with existing guidelines on the subject ofVolume/Distance Norms and Government guidelines dated 9.10.2000 on the subjectof selection of dealers/distributors (Annexure -I), known as Guidelines.

6. Identificationof location for RO/LPG dealership is an on going process.The feasibility survey is conducted against VIP references as well as onregular market survey from time to time. Feasibilitysurvey is generally conducted within a months time.Marketing Plan is generally prepared once a year.All the locations found feasible after preparation of last Marketing Planare included in the ensuing Marketing Plan.

7. Feasibilitysurvey in the normal course, is done on the yearly basis.The Oil Marketing Companies (OMCs) hold Industry meetings to finalise thedraft Marketing Plan by including the commercially viable locations, establishedthrough the aforesaid surveys. Whilefinalising the draft Plan, the Oil Industry keeps in view the reservationsprovided for in the policy guidelines for allotment of dealerships to varioussegments of the Society and also the 100-point roster maintained for ScheduledCastes/Scheduled Tribes. Thereafter,Oil Industry, sends the draft Marketing Plan to the Ministry for itsconsideration and approval.

8. The locations foundfeasible after the surveys, are immediately included in the draft Marketing Planand thereafter it is approved by the Ministry, on the recommendation of the OilIndustry, on yearly basis.

9. The Oil MarketingCompanies (OMCs) take action for setting up of Retail Outlet (RO)dealerships/LPG distributorships at the locations included in the variousMarketing Plans, approved by the Government from time to time.The Retail Outlet Marketing Plan for 1999-2000 consisting of 547locations was approved by the Government on 05.01.2001 and the LPG MarketingPlan 1999-2000 consisting of 707 locations was approved on 8th February, 2001.

10.The position, as on 15.10.2001, about the locations included in thevarious marketing plans upto and including 1999-2000 marketing plan, LOIsissued, etc., was as under:

	Total locations available for selection including locations pending from previous Marketing Plans	**Panels finalised by the Dealer Selection Boards out of col. 2**	Total Letters of Intent (LOIs) issued out of col. 3
(1)	**(2)**	**(3)**	**(4)**
RO	2973	1111	872
LPG	3887	1469	1093
SKO	408	134	103
Total	7268	2714	2068

B.CONSTITUTIONOF DEALER SELECTION BOARDS

11. The selection ofdealers/distributors is made by the Selection Boards which are called DealerSelection Boards (DSBs). Each Boardconsists of

(i)	A retired judge of a High Court/Retired District Judge	Chairman
(ii)	An officer of the concerned Oil Company not below the rank of Dy. GM or Chief manager, depending on availability	Member
(iii)	An officer of another Oil Company not below the rank of Dy. GM or Chief Manager, depending on availability	Member

12.Chairmen of the DSBs are nominated by the Government and holds office fora tenure not exceeding two years. Theyhold office during the pleasure of the Government and their services can bedispensed with by the Government even before the expiry of the above tenurewithout giving any notice and without assigning any reason. The Members arenominated by the Oil Industry.

13.**Non-Member Secretary**:An officer not below the rank of Manager nominated by the coordinatingoil PSU is appointed as non-member Secretary of the Board.

14.In cases where it is not possible to nominate the representative of theconcerned oil company on the Board in respect of locations pertaining to it, theBoard is constituted with the Chairman and a representative each from any twooil companies. However, theconcerned oil company will have

the option to nominate an Officer not below therank of Senior Manager as observer in the DSB to watch the interest of hiscompany.
15.The nomination of the oil company officer as a Member of the DSB for around of selections at a particular location is made by the Executive Directoror Director (Marketing) of the concerned oil company not earlier than 48 hoursfrom the date fixed for starting the interviews at a particular location.
16.At present there are 59 functional DSBs **(AnnexureII)**.

C.EVALUATION OF GUIDELINES

17. The existing guidelines forselection of dealers of Motor Spirit (MS), High Speed Diesel (HSD), SuperKerosene Oil (SKO), Light Diesel Oil (LDO) and Liquefied Petroleum Gas (LPG)were issued on 9th October, 2000 superseding the earlier guidelinesof 14th October, 1998. Explainingthe reasons for superseding the earlier orders and the areas where improvementhave been made over the previous orders, the Ministry stated in a written note:-
The earlier guidelines were superseded so as to make the new guidelines(as circulated, *vide* the Ministry ofPetroleum and Natural Gas O.M. No. P-39012/1/1999-IOC dated 9.10.2000 **(AnnexureI)** as amended from time to time self contained and more precise.Some of the improvements made over the previous guidelines are as under:-
i)A sub-para containing definitions of the terms used in the guidelines hasbeen added.
ii)As per the earlier guidelines, the names of the selected candidates wereto be included in the merit panel in the alphabetical order, which was causingconfusion among the candidates. Some of the candidates assumed that the list was in the orderof merit. In order to bring ingreater transparency, as per the new guidelines, the names in the merit panelare to be shown in the order of merit so that there is no confusion.

iii)For the Defence Category and the PMP Category, the *interse* priority has been clearly defined in terms of marks.

iv)In the previous guidelines, the Oil Companys officer was to benominated as a Member of the DSB not earlier than 24 hours from the date ofinterview. Now the Officer isnominated not more than 48 hours from the date of interview. This gives sufficient time to nominate the officers and forthe nominated officers to reach the venue of the interview in time.

v)In the new guidelines, the procedure to be followed in the case ofreadvertisement of locations has been prescribed.

18. AdditionalSecretary, in the Ministry of Petroleum & Natural Gas further explained tothe Committee during evidence:-
The objective of issuing new guidelines was to incorporate allamendments, directives issued from time to time and make the new guidelines ascomprehensive. Over the time, thenumber of Selection Boards has been raised from 4 to 40 and now perhaps 59 arefunctional. In addition to this, wewere receiving suggestions from various quarters and especially from theMinistry of Defence which have been duly incorporated.
19. The Committee referred to theobjectives of new guidelines which are:-
To provide transparent, uniform, fair and faster procedure forselection of suitable candidates as dealers/distributors.
and wanted to know theparameters adopted by the Government to measure the achievement of theseobjectives. The Ministry replied in a written note as under:-
The well-laid-down procedure involving advertising thedealerships/distributorships inviting applications, open interviews by a panelheaded by a retired High Court Judge/retired District Judge/retired AdditionalDistrict Judge/equivalent, display of the panel of the successful candidates anda clearly prescribed Grievances Redressal System are the salient features ofthe transparent procedure of selection prescribed.

20. During the course of evidence,the Committee specifically wanted to know from the representatives of theMinistry that after revision of guidelines, what was their assessment ofachievement of the above objectives. TheAdditional Secretary of the Ministry replied as under:-

If I could submit very frankly, I feel the transparency has gone up.That is my feeling.
21. Regardingassessment of achievement of the other objectives, the Ministry explained thesystem adopted for the purpose as under:-

Reports are obtained from the Oil Companies from time to time tomonitor the progress of selection of dealers/distributors. In order to ensure fast, fair and uniform action oncomplaints regarding different aspects of the selection process ofdealers/distributors, the Government have decided that inquiry into all thecomplaints will be coordinated by the Director General, Anti Adulteration Cell(DG, AAC) of the Ministry. Allcomplaints received in the Ministry against selection of thedealers/distributors are sent to the DG, AAC for investigation through the OilCompanies. The complaints against the Chairmen/Members of the DSBs areinquired into by the DG, AAC. Theinvestigation reports on all the complaints are routed through the DG, AAC.

D.SELECTION OF CHAIRMAN OF DEALER SELECTION BOARDS

22. The Committee referred to theobjectives of Guidelines which stipulate transparency and uniformity andobserved that both of these objectives are being defeated, firstly by the systemadopted for selection of Chairman and secondly by empowering him with 200 marksas against 100 of other Members thus violating principle of uniformity. The Committee wanted to know the system and criteria adoptedfor selection of Chairman of DSB and checking his antecedents beforeappointments. The Ministry repliedto these issues in a written note:-

The Chairman of DSBs are appointed with the approval of the Minister ofPetroleum & Natural Gas. TheGovernment do not call for panels from Chief Justices of High Courts.

Suitable persons are appointed as Chairman, DSBs from among the retiredJudges whose bio-data are received by the Government, with the approval of theMinister of Petroleum & Natural Gas.

23. During evidence, the Committeeenquired from the representatives of the Ministry, at what level, the selectionof Chairman is decided in the Ministry and whether there is a Board forselecting him. AdditionalSecretary in the Ministry was candid to admit:-

There is no Board. Theproposal goes up to the Minister.

24. Asked about the institutionalsystem set up to advise the Minister; witness replied:-

It is the Ministry which is the institution. The Ministry, by itself, is an institution and in thatinstitution the case is processed.

25. When further enquired about thebasis of selection, the witness said:-

"He (Chairman) has to be a retired Judge.That is the basicqualification. If we are aware ofthe fact, he is not involved in anything unsavoury, it is all right for us.

26. The Committee wanted to knowwhether the Ministry has defined parameters to select X , Y orZ as Chairman; the witness replied:-

The information available with the Ministry is sifted and on that basisthe appointment is made. We do nothave any procedure of calling for the names from any particular institution orany other source. That is not thepractice.

27. The Committee observed that thereare many retired Justice, Session Judges and Additional Session Judges and theGovernment must be making selections on some basis through any institutionalarrangement. In response, thewitness repeated his earlier submission and said:-

Wehave the information with us from various sources.

28. The Committee wanted that natureof the sources be named but the witness could only say:-

This lies in the discretion of the Government.

29. The Committee were not satisfiedwith this submission and observed that the term Government is not vague. Either the Ministry would be suggesting names of Chairmen oracting upon the directions of the Government.Additional Secretary clarified as under:-

Sir, as I submitted earlier, it is both ways. We have in the Ministry some information and we getinformation from outside sources also that these people are available and thenthe nomination is made.

30. Respondingto the query of the Committee, witness clarified that no panel of judicialofficers is maintained and no panel of names for selection of Chairman isreceived from any High Court.

31. Later, in reply to a question,the Ministry submitted in a written note:-

The present system is functioning satisfactorily.However, the proposal for obtaining a panel of retired Judges can beconsidered.

32. The Committee furtherspecifically enquired from the Ministry whether the Supreme Court at any timeduring the last 7 years has made observations/passed strictures/judgments withregard to Dealer Selection Procedure adopted by the Government.The Ministry in reply stated as under:-

Oil Marketing Companies have not reported any Supreme Court Judgment assuch on the above points. Informationis being collected in this regard and will be submitted to the Committee.

33. The Committee sought informationregarding number of cases filed in different courts challenging the decisions ofthe DSBs. The Ministry replied thatthere were 154 cases filed in different courts in the country challenging thedecisions of the DSBs out of 2811 selections made.

(i) Tenure of Chairman

34.The services of the Chairman of a DSB can be dispensed with in terms ofpara 3.5.4(1) of the guidelines which states that the Chairman of the DSB willhold office during the pleasure of the Government and their services can bedispensed with by the Government even before the expiry of the above tenurewithout giving any notice and without serving any reason.

35. The Committee were informed thatservices of 13 Chairmen have already been terminated within one year of theissuance of guidelines. Out ofthese, services of 2 Chairmen were dispensed within 3 months of the functioningof revised guidelines.

36. In reply to a question aboutusage of power of termination of services of Chairman by the Government, theMinistry submitted in a written note as under:-

The Dealer Selection Boards are set up by the Government.But the Government do not interfere in the selection process, and theDSBs are fully competent to take decisions in the matter.However, the performance of the DSBs is reviewed from time to time by theGovernment and if the performance of any DSB is not upto the expectations, itcan be terminated without assigning any reasons before the expiry of its tenure.The Governments power to terminate the services of Chairmen/Members ofthe DSBs has been upheld by the Division Bench of the Allahabad High Court inits Judgement dated 19.4.1994 in the writ petition No. 7291 of 1994 filed byShri Anil Kumar Singh Yadav, Ex-MLA, who was a Member of the erstwhile OilSelection Board (U.P.). TheHonble High Court observed that the petitioner cannot claim as a right tohold the office for a complete period of two years.

37. Explainingit further, Additional Secretary, in the Ministry of Petroleum & Natural Gaswhile deposing before the Committee said:-

As far as the appointment and removal is concerned, this lies in thediscretion of the Government. Secondly, when we issue an order of appointment, it is made amply clearthat the Chairman who is appointed can be removed within a period of two yearsor even before the expiry of two years without giving him any reason orshowcause notice. This action ofthe Government was challenged in the court way back in mid-90s in Allahabad.The court upheld the right of the Government to remove the functionarywithout issuing show-cause notice and also without giving him prior notice. In the particular case, the High Court of Maharashtra made a comment andlet me submit to you that part of the judgement. It says, whoever comes from the back door can be sent outof the same door. So, what I wastrying to submit before you is that the appointment of Chairmen are made by theexercise of the discretionary powers of the Government and their removal thereofis also within the discretionary powers of the Government.

(ii)Evaluatingpower of the Chairman

38.In terms of October, 2000 guidelines, Chairman and two Members ofthe Board had 100 marks each. TheMinistry of Petroleum & Natural Gas *vide*its letter dated 5th January, 2001 enhanced theevaluating power of the Chairman with 200 marks as against 100 marks for each ofthe remaining two Members. theGovernment in a written note justified their decision as under:- The Government received suggestions for giving higher weightage to theassessment of the candidates for dealerships/distributorships made by theChairman of the DSB. Thissuggestion was made also in a conference of Chairmen of DSBs held in December,2000. The Chairman being a retiredJudge, the Government have considered it proper to accept this suggestion andincreased the maximum marks that may be awarded by the Chairman from 100 to 200.The total marks that may be awarded by the Chairman and the two Membershas been increased from 300 to 400. Therehas been no reaction to this from the other Members of the DSBs.

This change in the guidelines has been challenged in five cases in thePatna High Court. In two casesfiled in the Gujarat High Court, the selection has been challenged on the groundthat the power given to the Chairman, DSB to allot double the marks compared tothe Members is violative of Articles 14 and 19 of the Constitution.Another such case has been filed in the Kerala High Court.The final decision of the Court is awaited in all these cases except one.In the Writ Petition No. CWJC 6614/2001, the Patna High Court has held,It is not a matter in which the High Court ought to get involved. These are policies of the Govt.Writ Petition is dismissed.

39. When asked whether there is anyanalogy of this provision with other Selection Boards functioning underGovernment of India, Ministry replied as under:-

The Ministry is not aware of any analogy provision in the functioningof other Selection Boards under the Government of India.

40. The Committee observed thatfiling of too many cases under judicial examination was not good reflection onthe Executive. The Committeespecifically wanted to know whether enhancement of power of Chairman does notmake to other two Members of the Board irrelevant.Additional Secretary, in the Ministry of Petroleum & Natural Gasduring his evidence before the Committee narrated the circumstances leading tothis provision. He said:-

We had two conferences of the Chairman of the DSB, where wewanted to ascertain from them, their inconvenience and the facility or themodification that they want in the guidelines.They were all in unison when they said that their status should not beequated with that of the representative of Oil Company.They said that they are referees, they are independent and they areneutral whilst the oil company looks after the interests of his company becauseselection is made for that company. Anothermember sits to assist the Board. While the Chairman of the Board is above all, they want toprove that point and they want to be very sure on that point and that it isproven that they are higher than the rest of the lot of members; and beingthe Chairman, they wanted higher status.

41. The Committee pointed out thatthey have gone through the minutes of Chairmen Conference of 23rd December, 2000 where only one Chairman demanded enhancement of evaluating powerin comparison with other members. TheCommittee further pointed out that even the justice presiding Judges has equalpowers vis--vis other colleagues in the Bench.In the case of DSBs, enhancement of power of Chairman is against theobjective of uniformity and this becomes more critical when one out of twomembers of the oil companies on DSBs does not join the selection process.The Committee pointed out that it has happened in 62 cases and at leastin these cases the power of Chairman is three times than the other member whichis arbitrary and absolute.

42.Witness during his deposition admitted that this has happened butstated:-

I have personally taken a very serious note of the fact that in 62cases, only one member was present. Isee no reason that the oil industry could not depute both the members to be apart of the DSB; and in this case, we will take certainly action wherever thedefault lies; and we would in future, ensure that the quorum of three-althoughthe minimum quorum is two-remains present.This much I can assure you.

43. The Committee queried whether theMinistry is contemplating to increase the quorum.To this, the witness replied categorically:-

Weare not increasing the quorum. Butwe will ensure that all the three are present.

44.The Committee wondered as to how the Government could do so when there isspecific provision of 2 Members constituting the quorum.Later in some other context, the witness submitted:-

Asfar as the quorum from two to three is concerned, we have a very constructivesuggestion. We will carry it homeand consider it at the appropriate level.

E.NORMS FOR EVALUATING THE CANDIDATES

45.It has been provided in the guidelines (Para 3.10.1) that the DSB willjudge the inter-se suitability of the candidates for all the categories exceptDefence Personnel for the criteria is different on the following basis.

(a)	Personality, Business ability and Salesmanship	20 Marks
(b)	Capability to arrange finances	15 Marks
(c)	Educational Qualification & general level of intelligence	20 Marks

(d)	Capability to provide infrastructure and facilities (land, godown, showroom etc.)	35 Marks
(e)	General assessment	10 Marks
	Total Marks	**100 Marks**

46.The Committee were informed that the Ministry has not prescribed basicstandards/parameters for awarding marks. TheDSB assesses the inter-se suitability of the candidates and award marks to themon each criterion as prescribed in the guidelines.

47.The Committee pointed out that the heads for marks distribution likeland, educational qualifications, business capability etc. was too general andlacked objectivity. The Committee referred to a judgement of the Kolkata HighCourt in writ petition No. 1177 (W) of 2001 in allotment of Retail Outlet ofIndian Oil Corporation at Khirpai, Midnapur District where it has been observedthat the Members of the Selection Board or for that matter any other SelectionCommittee do not have the jurisdiction to lay down the criteria other thanprescribed. The Committee advisedthe Ministry to consult Management Institutes and prescribe parameters for eachof the criteria laid down for selection.

48.Additional Secretary in the Ministry promptly responded to the suggestionand submitted:-

Sir,you have given a very good guideline regarding benchmark.Let me assure you that I will get in touch with my colleagues within aday or so and come out what best we can do on that and take the order at theappropriate time.

49.The Committee came across various suggestions from different quartersthat DSB while declaring the results should declare the marks obtained by eachcandidate interviewed by the DSB irrespective of the fact whether he or she hasbeen empanelled in the merit. TheCommittee learnt from the Chairmen who were interacted that they were not averseto the suggestion and wanted the guidelines to be amended accordingly. In Committees opinion that would strengthen the objectiveof transparency in selection process.

F. ALLOTMENT OF DEALERSHIPS/DISTRIBUTORSHIPS TO COOPERATIVESOCIETIES/CORPORATIONS

50.As per the guidelines, Cooperative Societies/Corporations are alsoeligible with certain norms for selections as retailer/distributor.The Committee wanted to know as to how many dealerships/distributorshipshave been allotted to these organisations during the last five years. The Ministry furnished the information as under:-

Thedetails of dealerships/distributorships which have been allotted to CooperativeSocieties and Corporations during the last five years and specifically duringthe last one year are given below:-

Product	**Cooperatives**		**Corporations**	
Last 5 years (Apr. 96-Mar.01)	**Last 1 Year (Apr. 00-Mar.01)**	**Last 5 years (Apr. 96-Mar.01)**	**Last 1 Year (Apr. 00-Mar.01)**	RO
5	2	2	2	SKO-LDO

-	-	-	-	LPG

51.The Committee were further informed that according to the existingGovernment policy, no preference/special consideration is given to CooperativeSocieties/Government Organisations in the allotment ofdealership/distributorships of petroleum products.
52.On being pointed out by the Committee that Cooperatives were performingwell in some States like Maharashtra and Gujarat, the Ministry replied that itwas not considered feasible to provide reservation for CooperativeSocieties/Government Organisations in the allotment ofdealerships/distributorships.
53.Additional Secretary in the Ministry further explained this positionduring evidence when he said:-

Asfar as the issue of Cooperative Societies is concerned, hon. Member wanted toknow as to why were are not reserving the ROs and LPG distributorship for theCooperative Societies. Under thepresent dispensation, only fifty per cent is under the open category and therest fifty per cent is already committed. Ifwe have to make any other reservations, we have to cross the limit of fifty percent. We are not able to dothat.

G.FREEDOMTO SELECT DEALER
54.In the wake of dismantling of APM, PSU oil companies are to compete withthe private players under the perfect economic competition. Oil Companies are expected to be professional and commercialand they can perform accordingly when they are given freedom to select theirdealers who are really business man like and commercial.Therefore, it had been suggested in some quarters that oil companiesshould be given freedom in choosing retailers and even retail outlets should beauctioned within certain norms. Reactingto this suggestion, the Ministry submitted in a written note:-
The presentsystem of allotment of dealerships/distributorships of petroleum products servesthe Governments social objectives by reserving certain percentages ofdealerships/distributorships for different sections of the society.If the Oil Companies are given freedom in choosing dealers/distributors,it will not be possible to implement these social objectives.
If retailoutlet dealerships are auctioned and allotted to the highest bidders, then it isapprehended that big money will play the main role.Since the dealers would have taken the dealerships at exhorbitant costs,they may be tempted to indulge in malpractices for earning quick profits.
In view of theabove, it is felt that the continuance of the present selection procedure wouldbe appropriate.
55.However during evidence, Additional Secretary, stated as under:-
As far asthe freedom to choose the dealership or the distributorship by the oil companiesis concerned, at present the present dispensation is going on.But as you are aware that from 1.4.2002, this sector is gettingdecontrolled. While we decontrolthis sector, this suggestion will certainly be kept in view while deciding theformalities as to what powers have to be given to the oil companies to meet thenew challenges which are presently not exercised by them or exercised by thempartly.

H.ROLE OF NON-MEMBER SECRETARY

56.As per the guidelines, an officer not below the rank of Manager nominatedby the coordinating Oil PSU is the non-Member Secretary of the Board.His job is to provide secretarial assistance to the DSB.He is accountable to the Chairman of the Dealer Selection Boardsfunctionally, though administratively, he is under the control of the OilCompany to which he belongs.
57.The Committee wanted to know the type of complaints received against thefunctioning of the office of non-member Secretary from DSBs etc. etc.The Ministry replied that the nature of complaints against the non-memberSecretary of a DSB inter-alia includes non-cooperation etc.Whenever complaints are received from the Chairman of the DSB regardingthe functioning of the non-member Secretary, action is taken by the concernedOil Company.
58.During interactions with some of the Chairman of DSB, the Committeelearnt that non-member Secretary is the final authority in DSB in scrutinizingthe eligibility of applicants. Itwas demanded that it would be in the fitness of things if this part viz.scrutinizing is entrusted to Chairman under whose supervision non-memberSecretary should perform this job.

I.TIME FRAME FOR SELECTION

59.As per guidelines Para 3.13.1 selection of dealer/distributor for adealership/distributorship should be finalised within a period of 145 days fromthe date of advertisement, the details of which are given as under:-

(a)	Notice of advertisement	45 days
(b)	Scrutiny of applications	30 days
(c)	Dispatch of applications to DSB office	5 days
(d)	Scrutiny by DSB	15 days
(e)	Preparation/Issue of call letters	10 days
(f)	Minimum notice period to candidates for interviews	15 days
(g)	Interview/Selection	9 days
	Sub Total	**129 days**
(h)	Forwarding the panel to the Oil Company	1 day
(i)	Field Investigation Report (FIR) by Oil Company	10 days
(j)	Issue of LOI after FIR	5 days
	Total	**145 days**

All efforts should be made toissue of LOI within a period of 145 days from the date of advertisement.

However, the Committee found that the time frame is not being adhered toin most of the cases and rather in some cases the LOI has not been issued whereresults were finalised more than six months back.

J.FREEDOM FIGHTER QUOTA

60.As per para 2.1 of the guidelines 2% of Dealerships/Distributorships arereserved for freedom fighters. However,the Committee have the impression that this quota is not being

utilizedgenuinely. The Committee wanted theGovernment to review this provision in view of the fact that surviving freedomfighters are very less in number and besides their age would not allow them torun the outlets. The Ministry,however, replied that there was no proposal as such under consideration forreview of the quota for freedom fighters.

K.DISCRETIONARYQUOTA

61.There is provision of a discretionary quota ofdealership/distributorships which will be outside the 100-point roster ofMarketing Plans and outside the purview of the Dealer Selection Boards, will beearmarked for allotment on genuine compassionate grounds to deserving persons inthe following two categories:-

(i)Dependants of Defence/Paramilitary/Police personnel, who are killed inaction or persons permanently disabled while performing their duties and havenot been suitably rehabilitated;

(ii)Dependants of Central/State Governmentemployees, who are killed or permanently disabled while performing their dutiesand have not been suitably rehabilitated.

The number of discretionary allotments in a year shall not exceed 10% ofthe average Annual Marketing Plan or 75, whichever is less, of which allotmentsof retail outlets for petroleum products will not ordinarily exceed 5% of theaverage Annual Marketing Plan.

62.The Committee wanted to know the number of applications received againstthe above mentioned categories and whether recommendations from StateGovernments for allotment of retail outlet or distributorship is givenconsideration. The Ministrysubmitted as under:-

Ason 31.8.2001, 538 applications for allotment of retail outlet dealerships/LPGdistributorships under the discretionary quota were received from dependants ofDefence/Paramilitary/Police Personnel who were killed in action/personnelpermanently disabled while performing their duties. Some other applications received are incomplete.No decision has been taken so far on these applications.

Ason 31.3.2001, 30 applications for allotment of retail outlet dealerships/LPGdistributorships under the discretionary quota were received from dependants ofCentral/State Government employees who were killed while performing theirduties/persons permanently disabled while performing their duties.Some other applications received are incomplete.So far, no decision has been taken on these applications.

Decisionson the applications for allotment of dealerships/distributorships under thediscretionary quota are to be taken in accordance with the guidelines issued forthe purpose, based on the guidelines contained in the Supreme Courts Orderdated 31.3.1995 in Writ Petition (C) No. 886 of 1993. In these guidelines there is no provision for considering therecommendations of the State Governments in making allotments under theDiscretionary Quota.

63.During evidence, the Committee wanted the Ministry to expedite decisionson these applications. AdditionalSecretary in the Ministry apprised the Committee as under;-

Aboutdiscretionary quotas, we have got the applications with us.They run into 500-odd all over the country.We are scrutinizing them one by one.We have constituted a Committee of Directors whose Convenor is theExecutive Director of the Oil Coordination Committee.Once we get the recommendation of that Committee, then it would bescrutinized by us in the Ministry. TheMinister, while allotting the distributorship or dealership under thediscretionary quota, has to pass a speaking order.It is not just so and so is allotted.He has to pass a speaking order as to why a person is being allotted andothers are not being allotted.

64.Apart from the provision of Grievance Redressal System in the Guidelines,the Government have constituted office of Director-General Anti AdulterationCell (AAC) whose job is to investigate into the complaints against the Chairmenand Members of the Board. The AntiAdulteration Cell was created subsequent to the issue of the revised guidelinesissued in October, 2000.

65.The Government issued instructions to all concerned on 2.5.2001, which,inter-alia, indicate the role of the Director General, Anti-Adulteration Cell inthe Grievance Redressal System with reference to the guidelines for selection ofdealers/distributors issued on 9.10.2000 and 5.1.2001.

Delay in looking intocomplaints and limitations of Anti-Adulteration Cell (AAC)

66.The complaints against the Chairmen and the Members of the DSBs areinvestigated by the Director General, Anti-Adulteration Cell and the complaintsagainst empanelled candidates and/or the process of selection are dealt with asper clause 3.15 of the guidelines issued on 9.10.2000.

67.The Committee wanted to know whether DG AAC is organisationally equippedto discharge his functions quickly and efficiently.The Ministry replied as under:-

TheAnti-Adulteration Cell consists of a Director General, 4 Regional Directors and28 Investigating officers/Intelligence Officers at the operational level.Out of these, the post of Director General, 3 posts of Regional Directorand 5 posts of Investigating/Intelligence Officers have already been filled up.Once all the posts at the operational level are filled up, it is expectedthat the Anti-Adulteration Cell would be able to discharge all its functions.

68.The Committee were further informed that after the formation of theAnti-Adulteration Cell in March, 2001, about 810 complaints were referred to theCell till September, 2001. Reportson 30 complaints out of them have been received from the Cell.

69.The Committee further pointed that working of AAC has not been detailedproperly in the guidelines. Therepresentatives of the Ministry candidly admitted and said:-

There is areference as far as the redressal of grievances is concerned.But if you recall, this Director-General of Anti-Adulteration Cellwas created much later than the issue of guidelines.I go by your advice that this should be incorporated.Whatever instructions we have issued separately, these should beincorporated in it.

70. The Committee also came across reports indicating that Chairman/Chairmenof some Selection Boards have brought to the notice of the Government that theyare pressurised by politicians recommending/pressurising them to make allotmentin the name of specific persons. TheCommittee wanted the Ministry to look into these complaints.

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PART II
RECOMMENDATIONS/OBSERVATIONSOF THE COMMITTEE

1.Dealership of Petroleum Products especially MS, HSD and LPG (domesticsupply) has been most attractive and sought after private business activitybecause of the assured return of investment.Because of this reason there has always been a pressing campaign forallotment of dealerships for these products.Since the marketing of these products has remained in controlled regime,retailing in the above-mentioned petroleum products was almost a monopolisticaffair. Now when *inprinciple* decision has been taken to deregulate marketing of these productswith effect from 1st April, 2002, the business scenario has changed.In the deregulated market the private players are making their plans toventure into the marketing segment and our PSU Oil Companies have to competewith them in all respects. TheCommittee are confident that our PSU Oil Companies have the in-built strength toface all sorts of challenges from the private players but it is theGovernments duty to control less and less and give real functional autonomyto these Companies. The mostimportant area in the functional autonomy would be the retailing business *viz.*retail marketing of MS, HSD, LPG, etc. etc.The fundamental factor in the post-deregulated market is bound to bepricing and the place of marketing (i.e. locations). The Committee visualise the perfect competition in thederegulated arena where business acumen, professionalism and economicconsiderations would be the commanding elements. Presently, the Oil Companies have no hand in selecting theirdealers. This task is being performed by Dealer Selection Boards.As per extant Guidelines, Dealer Selection Board selects the dealer onthe basis of certain traits which have been defined in the Guidelines.Out of these traits, personality, business ability and salesmanshipaccount only for 20 marks i.e. 1/5 of the total marks.If personality is excluded from this trait the business ability andsalesmanship account for only 15% of the total ability criteria for retailmarketing. The Committee strongly feel that in the deregulated market business ability and salesmanshiphave more importance than other traits being evaluated presently by DSBs.The Committee are of the opinion that in the open market dealer should beselected on his ability to face competitiveness and also on commercialconsiderations. The Committee,therefore, recommend that henceforth all the slots specified in the marketingplan should be auctioned subject to fulfilment of social objective such asaffording employment opportunities to educated youth, upliftment of weaker andneglected section of the society. The Government can do this by adopting certainnorms such as restricting the bidding in the respectivecategories for which the slots are reserved, putting cap on the income ofbidders etc. etc. TheGovernment may constitute an *ExpertCommittee of Management Consultants* to frame suchnorms for this purpose. Till this recommendation is accepted andimplemented by the Government, the Committee make recommendations *ad-interim*as in the succeeding paragraphs.

2.As per the guidelines, a Dealer Selection Board consists of besides aRetired Judge of a High Court/Retired District Judge/or equivalent judicialofficer who would be the Chairman and two officers of the Oil Companies.The Committee have found that there is no institutional system to selectthe Chairman and the Government has assumed the absolute and unrestricted powersto pick and choose any ex-judicial official as Chairman of the Selection Board.The Committee are convinced that there are innumerable Retired Judicialofficers in the eligible categories who are fit and most suitable for beingselected as

Chairman but they might have no say in being considered for thisjob. The Governmentenjoy theabsolute andunhindered powerin selection,which maybe a source of corruption.The Committee are not convinced by the submissions of the officials ofthe Ministry of Petroleum & Natural Gas that the Ministry itself is aninstitution and this institution sifts the available information and on thatbasis the Chairman is appointed. TheMinistry could not satisfy the Committee about the credentials of the source.The Committee recall that the Ministry while issuing the revisedguidelines had proclaimed that the new guidelines have been framed with certainobjectives which are to provide transparency, uniformity and fair and fastprocedure for selection of suitable candidates as dealers/distributors.The Committee feelthat theabsence of aninstitution for selection ofChairman negates
the first objective of the revised guidelines i.e. transparency.The Committee recommend that the High Courts may be requested to form thepanel of suitable persons for being considered for selection for theChairmanship of DSB. The Ministry while appointing a Chairman may request the HighCourts to send a panel of the suitable persons and the number of panelistsshould not exceed more than 3 times the slots.Government should appoint the Chairman out of this panel.Till this institutional system is adopted, all the Dealer SelectionBoards be disbanded and new system may set in place at the earliest.

3.As per the Guidelines, a Chairman is appointed for a term of 2 years.However, he holds his office during the pleasure of the appointingauthority. The Committee found thatwithin one year of working of the new guidelines, the Government dispensed withthe services of 13 Chairmen out of 59. Thisshowed that the Government used its power indiscriminately.Though it has been prescribed in the guidelines that the services ofChairman can be dispensed with even before the expiry of the term without givinga notice yet in democracy it is expected that the appointing authority mustassign reason before dispensing with the services.Even the officials of the Government whose services are prematurelyterminated are first served the show cause and then only a final decision istaken but in the case of Chairman Dealer Selection Board who happens to be aRetired Judge of a high stature, is not extended the similar treatment.The Committee view these powers as arbitrary and absolute discretionarywithout any accountability. In theabsence of the laid down procedure the Ministry has been vested with absolutepower negating the basic principles of natural justice.This shows that the Government want such persons as Chairmen who wouldfollow the dictates of the authority not prescribed in the guidelines.In the Committees opinion, the absence of any procedure for dispensingwith the services of the Chairman is an evidence of lack of transparency.The Committee, therefore, recommend that proper procedure for dispensingwith the services of a Chairman should be laid down.

4.The Ministry by an amendment of the original guidelines enhanced thepowers of the Chairman and gave him 200 marks for evaluating the candidates asagainst 100 marks of the other two Members.During the examination of the subject, the officials of the Ministry ofPetroleum & Natural Gas apprised the Committee that the Government receivedsuggestions for giving higher weightage to the assessment of the candidates madeby the Chairman. The Ministryofficials referred to a Conference of the DSBs held in December, 2000 where someof the Chairmen are supposed to have demanded it.The Committee have gone through the record of this Conference and havefound that one or two Chairmen have only asked for this power. When the Ministrywas asked whether there was any analogy of this provision with the SelectionBoards functioning under the Central Government, the reply was that they are notaware of any such analogous provision in this regard.The Committee note that one of objectives of the revised guidelines wasto have uniformity in the selection of the dealers.However, by empowering Chairman with 200 marks, the Committee feel thatthe objectivity has been sacrificed. TheCommittee feel that on the one hand, there is no transparency in selecting theChairman and on the other hand he has been given extraordinary power. Both these things go against the principles of uniformity.The power of the Chairman becomes more critical when one of the twoMembers nominated on the Selection Board does not report in the selectionprocess. It was reported that in 62cases this has happened. TheMinistry officials assured the Committee that they would like to remedy thissituation by ensuring that the nominees of the Oil Companies report in theselection process. The Committeewere not convinced by this suggestion as the guidelines provide for quorum oftwo persons and until and unless the rule relating to quorum is altered theassurance given by the Ministry has no relevance. The basic contentious issue is that of vesting Chairman withmore powers than with the other two Members.The Committee pointed out that even in High Courts and Supreme Court,presiding Judge of the Bench has the same powers which his/her Brother Judgeshave. In the Committees view,the powers of the Chairman of the Dealer Selection Boards are unequal.The Committee recommend that the Chairman of the Dealer Selection

Boardsshould have the same power as his colleague Members and as Chairman he shouldremain only the administrative head of the Board.

5.It has been provided in the guidelines para 3.10.1 that the DSB willjudge the *inter se* suitability of the candidates for all categories exceptdefence personnel on some prescribed basis.Neither the DSBs have prescribed certain parameters for testing eachcriterion nor the Government have issued any guidelines on these.This has resulted in an abnormal situation where the assessment has beenleft to the total subjectivity of the Members of the Board.The Committee during evidence on the subject referred to the judgment ofthe Kolkata High Court in writ petition no. 1177 (W) of 2001 in the allotment ofretail outlets of Indian Oil Corporation at Khirpai, Midnapur district where theCourt had observed that the Members of the Selection Board do not have thejurisdiction to lay down the criteria other than those prescribed.Now the prescribed criteria do not lay down any parameters.During the course of examination, the Committee observed that theGovernment should in consultation with the reputed management consultants shouldprescribe bench mark for each point to be awarded by the Dealer Selection Board.This would eliminate the scope of subjectivity.The Committee were happy to see that the representative of the Ministryresponded to the suggestion positively. TheCommittee recommend that the norms for evaluating the candidates should betotally reviewed and parameters should be suggested for each trait inconsultation with the management experts and the DSBs while awarding the marksshould base their judgment on these parameters. The Committee would further likethe Government to study the implications of the court case referred to above andapprise the Committee of their findings.

6.As per the guidelines, cooperative societies/corporations are alsoeligible with certain norms for selection as retailers/distributors.However, from the data furnished before the Committee, it came to beknown that during the last 5 years only 7 ROs and 19 LPG distributorships wereallotted to cooperatives and 2 ROs and 33 LPG distributorships were allotted tocorporations. The Committee feelthat the cooperative societies are performing very well in some of the Statesespecially in Maharashra and Gujarat and similarly corporations which arestatutority in character are doing well. Although,under the present dispensation the reserved quota cannot be fixed for thesesocieties and corporations yet the Committee recommend that while fixing theparameters for norms of evaluation of the candidates the cooperative societiesand corporations should be given weightage so that the selectors may accordpriority to this sector over the others.

7.In the deregulated era, PSU Oil Companies are expected to compete withthe private players under the perfect economic conditions.Therefore, to enable the Oil Companies to operate efficiently andcommercially, it has been suggested in some quarters that Oil Companies shouldbe given freedom in choosing retailers and even the locations.The Government, reacting to the suggestion have intimated that thepresent system of allotment of dealership/distributorship serves theGovernments social objectives by reserving certain percentage ofdealership/distributorship for different sections of the society.The Government feel that the continuance of the present selectionprocedure would be appropriate. The Committee while appreciating the concern of theGovernment, would like to say that the social objectives can be served only ifthe Oil Companies operate efficiently and earn profit.If circumstances happen to be such where the private players operatepurely commercially then the public sector Oil Companies would be in dangercommercially. So the first targetshould be ensure that these companies become viable commercially. Only when theyremain commercially strong, they can serve the social objectives.The Committee are happy to note that the representative of the Ministrywhile deposing before the Committee has submitted that in the post-APM era, thesuggestion that Oil Companies should be given freedom to choose their retailerswould certainly be kept in view while deciding the formalities as to what powersare to be given to the Oil Companies which are not presently exercised by themfully or partly to meet the new challenges.As recommended earlier, the retail outlets and distributorships should beauctioned. On the same analogy theCommittee recommend that the Oil Company should be given functional freedom tochoose their retailers/distributors.

8.The role of the Non-Member Secretary is an important one.His job is to provide secretarial assistance to the Board.He is accountable to the Chairman of the DSB functionally thoughadministratively he is under the control of the Oil Companies to which hebelongs. As per the guidelines,Non-Member Secretary is the final authority in DSB in scrutinising theeligibility of applicants. TheCommittee recommend that it would be in the fitness of things if responsibilityof scrutinising of applications is entrusted to the Chairman under whosesupervision the Non-Member Secretary should perform his job.

9.As per guidelines, para 3.13.1, the selection of a dealer/distributorshould be finalised within a period of 145 days from the date of theadvertisement. During the course

ofexamination of this subject, the Committee have found that the time frame wasnot practical at all and in most of the cases, the Letter of Intent (LOI) hasnot been issued where results were finalised more than 6 months back. The Committee feel that this time frame is absolutelyunpracticable and should be suitably reviwed to avoid any scope of litigationover this provision.

10. Asper the provision, under para 2.1 of the guidelines, 2% of thedealerships/distributorships are reserved for freedom fighters.The Committee have the impression that this quota was not being utilisedgenuinely. The Ministry hasintimated that there is no proposal as such under consideration for review ofquota for freedom fighters. TheCommittee feel that the surviving freedom fighters must be in an advanced ageand even if they are allotted retail outlet or LPG distributorship at this fagend of their lives, it would not serve any purpose as they cannot be full timeworkers as stipulated in the guidelines. Sothere is every apprehension that the allotment made under this quota may gobenami at later stage. TheCommittee, therefore, recommend that the provision of this quota should bereviwed thoroughly.

11. Thereis a provision of a discretionary quota of dealership/distributorship whichwould be outside 100% point roster of marketing plans and outside the purview ofthe Dealer Selection Boards, which would be earmarked for allotment on genuinecompassionate grounds to the deserving persons in the following two categories:

(i)Dependents of Defence/Paramilitary/Police personnel, who are killed inaction or persons permanently disable while performing their duties and have notbeen suitably rehabilitated;

(ii)Dependents of Central/State Government employees, who are killed orpermanently disabled while performing their duties and have not been suitablyrehabilitated.

The Committee were informed that as on 31st August, 2001, 538and 30 applications for allotment of retail outlet/LPG distributorship under theabove-mentioned discretionary quotas were received from the eligible persons.So far no decision has been taken by the Government on theseapplications, although the process of scrutinising in this regard was on.The Committee view the responsibility of rehabilitating the dependents ofparamilitary forces personnel as national duty, and therefore, would like theGovernment to act quickly and frame a time-bound procedure in deciding thesecases. The Committee would like that like allotments made in the OperationVijay, the dependents of above categories viz. defence/paramilitary/police etc.are treated similarly.

12. Theguidelines provide a set procedure of Grievance Redressal System.In addition to that, the Government have constituted another Cell in theMinistry known as Director General Anti Adulteration Cell (AAC) whose job isto investigate into the complaints against the Chairman and Members of theBoard. This Cell consists of aDirector General, 4 Regional Directors and 28 InvestigatingOfficers/Intelligence Officers at the operational level.Out of these, the post of Director General, 3 posts of Regional Directorsand 5 posts of Investigating/Intelligence Officers have been filled up.The Cells job is to enquire into the complaints against the Chairmanand the Members of the DSBs whereas the complaints against empanelled candidatesand/or the process of selection would be dealt with as per the provision in theguidelines. The Committee learnt that after the formation of AntiAdulteration Cell in March, 2001 about 810 complaints were referred to this Celltill September, 2001 and the Cell has been able to report on 30 of these.The Committee view the functioning of the Cell as very important andrecommend that the organisational structure of the Cell should be fullystrengthened. The Committee furtherrecommend that all the appointments at the Regional Director and above levelshould be above board and the Cell should be given full functional autonomy.

13. TheCommittee came across the cases where the Chairman/Chairmen of the SelectionBoards have complained to the higher/highest authorities that they arepressurised for allotment by politicians for making allotment of a retailoutlet/LPG distributorship to a specific person recommended by them.The Committee recommend that an institutional system should be set up inthe Ministry to inquire into the substance of such complaints.

NEW DELHI MULAYAMSINGH YADAV,
December 20, 2001*Chairman,*
Agrahayana 29, 1923 (Saka)*Standing Committee on Petroleum & Chemicals*